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No. 95-1546

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1995

SHOKETSU KINZOKU KOGYO KABUSHIKI CO., LTD.
a/k/a SMC CORPORATION and
SMC PNEUMATICS, INC.,
Petitioners,

v.

FESTO CORPORATION,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

Charles R. Hoffmann
(*Counsel of Record*)
Gerald T. Bodner
Glenn T. Henneberger
HOFFMANN & BARON
350 Jericho Turnpike
Jericho, New York 11753
(516) 822-3550
Attorneys for Respondent

LIST OF PARTIES PURSUANT TO RULES 14.1(b) AND 29.6

The names of all parties in the court whose judgment is sought to be reviewed appear in the caption of this Brief in Opposition to Petition for Writ of Certiorari.

Respondent, Festo Corporation, does not have any subsidiaries. Festo Corporation's parent company is Festo KG.

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BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Respondent Festo Corporation ("Festo") respectfully submits this brief in opposition to the Petition for a Writ of Certiorari of Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd., a/k/a SMC Corporation, and SMC Pneumatics, Inc. (collectively "SMC" or "Petitioners").

SMC's petition is from a unanimous decision of a three judge panel of the United States Court of Appeals for the Federal Circuit and denial of a petition for rehearing and suggestion for rehearing in banc. The Federal Circuit affirmed summary judgment of infringement of United States Patent No. 3,779,401 (the Carroll patent) under the doctrine of equivalents and a jury verdict of infringement of United States Patent No. 4,354,125 (the Stoll patent) under the doctrine of equivalents. *Festo Corp. v. SMC Corp.*, 72 F.3d 857 (Fed. Cir. 1995) *reh'g denied.*

OBJECTIONS TO PETITIONERS' QUESTIONS PRESENTED FOR REVIEW

Question 1: In a patent case, can the statutory requirement for patent claims (35 U.S.C. §112, ¶2) and the statutory restriction for correcting them (35 U.S.C. §251, ¶4) be nullified by the judicially created doctrine of equivalents?

Question 1 is objected to on the basis that the issue is being raised for the first time. Petitioners' attempt to create a conflict between the patent statutes and the doctrine of equivalents in connection with this case is without basis in fact and law.

35 U.S.C. § 112, ¶ 2, requires the subject matter of the invention to be particularly pointed out and distinctly claimed. There has been no issue in this case that the claims do not satisfy this requirement.

Petitioners attempt to mislead the Court by not including the entire text of 35 U.S.C. § 251. In paragraph 1, it is made clear that the statute applies to those circumstances in which there has been error in what is claimed. Specifically, 35 U.S.C. § 251, ¶ 1 states:

> Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

In the present case no reissue application has been filed and error is not an issue. Thus, the reissue statute is not applicable.

In contrast, the doctrine of equivalents does not relate to error or clarity in the claim language. The judicially created doctrine of equivalents has been accepted as being consistent

with 35 U.S.C. § 112 and 35 U.S.C. § 251 for the past 44 years. Application of the doctrine of equivalents does not require altering the scope of the claims or changing the language of the claims. It merely requires application of principles to establish that insubstantial changes are present in the infringing structure when compared to the literal language of the claims. The result of infringement is reached without the necessity of altering the claim scope. Of course, the statutory provisions in question are not nullified by the judicially created doctrine of equivalents. Furthermore, in this case, where there was no attempt to redefine the language of the claims or the scope of the claims, Question 1 is not a question that the Court need consider.

There is no reason for the Court to review this case along with *Hilton Davis Chemical Co. v. Warner-Jenkinson Co., Inc.*, 62 F. 3d 1512 (Fed. Cir. 1995), *cert. granted*, 64 U.S.L.W. 3570 (U.S. Feb. 26, 1996) (No. 95-728). The actions are not related and the present case is a clear application of existing law. The doctrine of equivalents was appropriately applied to determine that only insubstantial changes were present in the accused structure and the limitations on the doctrine of equivalents were given due consideration and found not to preclude a finding of infringement. There has been no conflict in this regard in the procedure of the case or with the law. There has been no extension of the doctrine beyond well accepted legal authority. Accordingly, there is nothing in this case for the Court to consider which would be of assistance in its review of the more complex issues under review in *Hilton Davis*.

Furthermore, the cases considered together by this Court and referenced to on p. 10 of the petition, were

specifically selected to resolve existing conflicts between different federal circuits. This was prior to the formation of the Court of Appeals for the Federal Circuit and, accordingly, in this instance, there are no conflicting circuit decisions.

Question 2: Is the constitutional right to a jury trial in a patent case preserved if all issues are predecided by a special master in a first trial with a first decision which is then considered for correctness by a jury in a second trial?

Petitioners' Question 2 is totally inconsistent with the proceedings below. All issues were not decided by a special master in a first trial. In accordance with Rule 53(b) Fed. R. Civ. P., the district court appointed a special master to make recommendations regarding the issues in the present case and to report his recommendations. To carry out this function, pursuant to an Order of Reference under Rule 53(a) Fed. R. Civ. P., the master conducted a hearing and heard evidence. He then made recommendations in the form of a report under Rule 53(e) Fed. R. Civ. P., regarding questions of validity and infringement to the district court. He was not empowered and certainly did not make any binding decisions.

Appropriate motions for summary judgment and objections were made to various aspects of the master's report and the district court made rulings regarding these motions and objections. A summary judgment was granted in some instances and with respect to other issues a full jury trial on the merits was conducted. Both parties were free to submit whatever evidence they deemed necessary at the jury trial.

Pursuant to Rule 53(e)(3) Fed. R. Civ. P., an agreed upon limited version of the master's recommendations was received in evidence with specific instructions to the jury that the evidence in the report was not *prima facie* evidence and was to be considered with all the other evidence and the jury could give it whatever weight it deemed necessary. Both sides relied on the master's findings along with the other evidence presented at trial to the jury, and the jury after due deliberation rendered a verdict which in some instances was consistent with the master's recommendations and in other instances was contrary to the master's recommendations.

At no time did the jury bear the responsibility of determining the correctness of the master's recommendations. The master's report was considered along with all of the other evidence presented during the jury trial, including additional evidence not previously presented to the master.

Accordingly, Question 2 is inaccurate in reciting the circumstances of the case below. Since the premise upon which Question 2 is based is not supported by what occurred below, there is no question for this Court to consider. The appropriate procedures were followed in accordance with the Federal Rules, and Petitioners received a full jury trial on the merits.

Petitioners try to draw a similarity between the present case and *Markman v. Westview Instruments, Inc.*, 52 F. 3d 967 (Fed. Cir.), *cert. granted*, 116 S. Ct. 40 (1995) (No. 95-26). The *Markman* case is totally unrelated to proposed Question 2 and the present litigation. Respondent's understanding is that the question under consideration by the Court in *Markman* relates to whether there is a right to a jury trial under the

Seventh Amendment of the United States Constitution of genuine factual disputes about the meaning of the language in the claims of a patent. This is an issue of literal infringement as to whether patent claims can be literally read on the accused infringing structure. There was no issue of doctrine of equivalents in the *Markman* case. In the present case, there is no issue of literal infringement or claim interpretation. Both parties and the district court were in full agreement on the meaning of the claim language. The only infringement issues relate to doctrine of equivalents.

In the *Markman* case, the role of the jury was abdicated in connection with interpreting the literal language of the claims. In the present case, there was no factual dispute regarding the language of the claims, and the jury made all determinations with respect to infringement under the doctrine of equivalents. Accordingly, in the present instance, there has been no infringement of Petitioners' rights to a jury trial.

Procedurally, the present case does not correspond to the *Markman* case. In this case, a full jury trial was held and infringement was found by the jury under the doctrine of equivalents. The verdict was upheld by the district court and affirmed by the Federal Circuit. In *Markman*, the jury verdict was reversed by the district court judge pursuant to a j.m.o.l. motion, and the judge's action was affirmed by the Federal Circuit. Clearly, Question 2 does not relate to the issues in the *Markman* case.

Petitioners are apparently grasping at straws. Unable to frame a question that raises appropriate issues of fact and law for this Court to consider, Petitioners resort to unrealistic

attempts to stimulate interest by reference to unrelated cases where petitions for writ of certiorari have recently been granted.

STATEMENT OF THE CASE

I. Facts Supporting Infringement of the Stoll Patent with Respect to the Guide and Sealing Rings.

Contrary to SMC's statement of the case, Festo presented substantial evidence at trial regarding the equivalency of the SMC device to the claimed invention. Festo proved that the SMC piston having one sealing ring and two guide rings was an insubstantial change with respect to the claimed invention. With respect to the functions of the guide and sealing rings, Claim 1 of the Stoll patent states *inter alia*:

> said piston further including plural guide ring means encircling said piston body and slidingly engaging said internal wall and first sealing rings located axially outside said guide rings for wiping said internal wall as said piston moves along said tube to thereby cause any impurities that may be present in said tube to be pushed along said tube so that said first annular magnets will be free of interference from said impurities.

The function of the sealing rings is twofold. First, they provide a seal against the pressure medium, e.g. air, that propels the driven member. Second, they wipe dirt and impurities by pushing them along the tube, and away from the magnet

arrangement on the piston. The specification describes the wiping function of the sealing rings:

> Instead, any such impurities are pushed along in front of the piston 16 by the sealing rings 26 or -- should they manage to get past these -- by the sliding guide rings 24, so that the annular magnet arrangement is invariably faced by a clean section of the internal tube wall. (Stoll patent, col 3, lines 51-55).

The specification discloses that the sealing rings on the driven member are the first means for preventing harmful dirt and impurities from contacting the magnet arrangement on the piston. The specification further discloses that Stoll anticipated that dirt and impurities would sometimes get past the sealing rings. In that event, the guide rings would act as a second means of prevention. Reading the claims in light of the specification, Stoll claims sealing rings, with guide rings as a back-up, to push harmful dirt along the tube and prevent it from contacting the magnetic arrangement.

SMC's pistons have a guide ring and a sealing ring on one side. On the other side of some SMC pistons, there is a guide ring and a groove for the sealing ring, but no sealing ring is placed in the groove. The purpose of the SMC sealing ring is also twofold. It provides a seal against the air pressure that moves the piston within the tube and it wipes away harmful dirt and impurities. Only one seal is necessary to achieve the seal against air pressure that moves the piston. As testified to by Festo's mechanical expert, Dr. Wolf, and the inventor, Dr. Stoll, and as found by the master, this minor design change was

clearly insubstantial and one seal performs this function in substantially the same way as two seals and obtains substantially the same result.

The SMC sealing ring also acts as a wiper that prevents dirt and impurities from contacting the magnet arrangement by pushing them along the tube. When the piston is pushed in the direction of the sealing ring, it functions exactly like the sealing ring in Stoll Claim 1. When the piston is pushed in the other direction, the guide ring performs the function of pushing harmful dirt and impurities along the tube. This is comparable to the back-up function the guide rings serve as specifically set forth in the Stoll patent specification.

The SMC device prevents dirt and impurities from getting wedged between the magnets and the tube in accordance with the Stoll patent claims. By using one sealing ring and two guide rings, the SMC device operates in substantially the same way and obtains substantially the same result as the invention in Claim 1 of the Stoll patent. Furthermore, the district court found that there is nothing in the prosecution history of the Stoll patent concerning the sealing rings that limits Festo from asserting infringement under the doctrine of equivalents. In view of the substantial evidence presented by Festo at trial, the jury correctly concluded that SMC's use of one sealing ring and two guide rings infringes Stoll Claim 1.

The findings below were clearly not contrary to the Stoll specification concerning the guiding and sealing rings. Petitioners have misstated the facts. For example, the statement attributed to Festo on page 5 of the Petition is not factual evidence in this case. All of the required factors in the analysis

under the doctrine of equivalents and its legal limitations were given due consideration. There was no unrestricted application of the doctrine of equivalents as alleged by Petitioners.

II. Facts Supporting Infringement Of The Stoll Patent With Respect To The Sleeve.

Festo's experts testified that the SMC cylinder having an aluminum alloy sleeve encircling the magnets is a substantial equivalent of the claimed sleeve made of magnetizable material. Specifically, both serve the function of reducing magnetic leakage to avoid undesirable braking forces. Festo's physics and magnetism expert, Dr. Schroeder, testified regarding the tests he conducted on the SMC sleeve from which he determined that a 300% reduction in magnetic leakage fields is achieved by the SMC sleeve. Dr. Schroeder explained how he analyzed the composition of the SMC sleeve and compared it to the sleeve described in the patent. He testified that the SMC sleeve formed a magnetic circuit in substantially the same way as the sleeve of the patent and served the same function of minimizing leakage fields in order to obtain substantially the same result of avoiding undesirable braking forces.

Accordingly, Petitioners have again clearly misstated the facts of the case. The specification does not preclude equivalent embodiments, including those having an aluminum alloy sleeve. An aluminum alloy sleeve is not a direct opposite of a sleeve of magnetizable material. This is not contrary to the specification and not an unrestricted application of the doctrine of equivalents since the legal requirements for application of the doctrine of equivalents were meticulously followed.

III. The District Court Conducted A Full Jury Trial On The Merits.

In its opinion, the Federal Circuit stated:

> We are sympathetic to the burden on the parties and the cost of two trials. However, this was not a matter of simply turning the case over to a master, as SMC argues, for the case was fully tried, and decided, by judge and jury. *Festo*, 72 F. 3d at 864.

Furthermore, the procedure followed by the district court is in accord with *Dairy Queen Inc. v. Wood*, 379 U.S. 469 (1962). At no time did SMC mandamus the court regarding the procedure followed. In fact, SMC filed pre-trial summary judgment motions based on the master's recommendations, and heavily relied on the report at trial and in post trial j.m.o.l. motions. As astutely noted by the Federal Circuit;

> It is significant that the jury verdict did not track the master's conclusions. Although SMC argues that the jury must have placed undue reliance on the master's conclusion, SMC's counsel told the jury in closing argument:
>
> > Judge Saris will instruct you that you can give whatever weight you desire to this report. I would suggest to you that you give it the maximum weight. He especially considered this point. He was certainly very knowledgeable concerning everything that went on. He had an

> eleven-day trial before him and then he issued a detailed 68-page report in which he concluded that the SMC rodless cylinder did not infringe.
>
> Despite this exhortation, the jury's conclusion as to infringement of the Stoll patent was contrary to the master's conclusion.

Additionally, Judge Saris found no prejudice to either party when copies of the master's report were inadvertently left in the jury room during deliberations. The Federal Circuit discerned no ground for a new trial flowing from the procedures with respect to the special master.

Lastly, SMC's efforts to distinguish the cases relied on by the Federal Circuit are without merit. The district court's authority for appointing the special master and utilizing the master's recommendations at a jury trial is in accordance with the Federal Rules of Civil Procedure and fully supported by the case law. *Ex parte Peterson*, 253 U.S. 300, 310 (1920); *Crateo, Inc. v. Intermark, Inc.*, 536 F. 2d 862, 868 (9th Cir.), *cert. denied*, 488 U.S. 892 (1988).

Accordingly, Petitioners' misstatement of the facts is again significant. There was no first trial before a master to try the case and then a second trial before a jury to consider whether the master was right or wrong. There is no question that Petitioners received a full jury trial on the merits.

REASONS FOR DENYING THE WRIT

I. The Doctrine of Equivalents

It is submitted that granting of a petition for writ of certiorari in this case is not appropriate. There is no conflict in the law and no constitutional or otherwise important question for this Court to consider. The entire legal authority relied upon by Petitioners constitutes dissenting opinions. All of the prevailing legal authority is consistent with the application of the doctrine of equivalents in this case.

In the present case, the existing applicable patent laws relating to infringement under the doctrine of equivalents and the restrictions of that doctrine in view of amendments made during the prosecution of the application and the reasons for making them and the prior art were applied. At the district court level, a ten jury panel unanimously decided that the accused device infringed the claims of the Stoll patent under the doctrine of equivalents. More specifically, with respect to the issues of the sealing rings and the magnetizable sleeve, the jury found that the elements in the accused devices performed substantially the same function in substantially the same way to achieve substantially the same result as the elements in the claims. The district court judge denied SMC's post trial motions for judgment as a matter of law. In the Court of Appeals for the Federal Circuit, the jury verdict was again upheld by unanimous decision of a three judge panel. SMC requested a rehearing and suggested a rehearing in banc which were also denied by the Federal Circuit. This case is not extraordinary in any sense of the word with respect to the existing patent laws.

In its petition, SMC asks this Court to eliminate the doctrine of equivalents all together and permit competitors to make insubstantial changes to a device to avoid infringement. Contrary to SMC's position, the existing patent laws permit a finding of infringement under the doctrine of equivalents when an accused device includes all of the elements of a patent claim with only insubstantial changes.

The doctrine of equivalents is an ancient doctrine, dating back to the British courts of chancery. *Penmwalt Corp. v. Durand-Wayland, Inc.*, 833 F. 2d 931, 957 (Fed. Cir. 1987) (in banc), *cert. denied*, 485 U.S. 961 (1988). (Newman, J., commenting). However, the doctrine of equivalents did not develop in the United States until late 1800 when the patent laws began to require that the patent claims dictate the parameters of the patent. *Penmwalt* at 957-959. The first United States Supreme Court case discussing principles of equivalency was *Winans v.Denmead*, 56 U.S. 330, 343 (1853), in which this Court decided that patent coverage is not limited to the embodiments of the form described or claimed by the patentee.

The existing applicable law regarding the doctrine of equivalents is set forth in *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605 (1950). In that case, the defendant was accused of infringing four patent claims which disclosed the composition of a flux to be used in an electric welding process. The accused composition substituted a non-alkaline earth metal for the claimed alkaline earth metal in the patented composition

This Court concluded that the district court's finding that the accused composition infringed the patented composition under the doctrine of equivalents was not clearly erroneous. *Id.* at 612.

Furthermore, this Court noted that the finding of equivalency is a factual matter. *Id.* at 609. This Court framed the test for infringement under the doctrine of equivalents as whether the accused device "performed substantially the same function in substantially the same way to obtain substantially the same result" as that claimed in the patent. *Id.* at 608. This Court explained that the doctrine of equivalents is designed to prevent an accused infringer from making unimportant and insubstantial changes which would remove the accused device from within the literal terms of the claim. *Id.* at 607. This Court envisioned that patent protection, without the doctrine of equivalents, would encourage "the unscrupulous copyist to" circumvent the reach of the patent laws, thereby "plac[ing] the inventor at the mercy of verbalism and...subordinating substance to form." *Id.* at 607. Such a result "would deprive [the inventor] of the benefit of his invention and would foster concealment rather than the disclosure of inventions which is the primary purpose of the patent system." *Id.* at 607.

In its petition, SMC raises the issue that the patent statutes dictate that the patent claim should distinctly define its boundaries so that the public can rely on the claim language. Furthermore, SMC notes that a patentee has a statutory time period in which to file a reissue application to allow the scope of the claims to be broadened. However, SMC fails to

recognize that the reissue statutes are directed only to those patent applications in which an error has been made. 35 U.S.C. § 251.

The purpose of the doctrine of equivalents is not to correct mistakes, but to prevent an infringer from making "unimportant and insubstantial changes and substitutions in the patent which, though adding nothing, would be enough to take the copied matter outside the claim, and hence outside the reach of law." *Graver Tank*, 339 U.S. at 607.

Petitioners argue that the doctrine of equivalents expands the scope of a patent to include protection outside the patent claim -- an interpretation soundly rejected by this Court. In *Graver Tank*, this issue was clearly in the Court's mind, but did not preclude application of the doctrine of equivalents. *Graver Tank*, 339 U.S. at 615 n.3 ("the courts have no right to enlarge a patent beyond the scope of its claim as allowed by the Patent Office . . . ." (Black, J., dissenting)). The Federal Circuit is of a like view:

> To say that the doctrine of equivalents extends or enlarges *the claims* is a contradiction in terms. The claims -- i.e., the scope of patent protection *as defined by* the claims -- remain the same and application of the doctrine [of equivalents] *expands the right to exclude* to "equivalents" of what is claimed.

Wilson Sporting Goods v. David Geoffrey & Assoc., 904 F.2d 677, 684 (Fed. Cir. 1990) *cert. denied*, 498 U.S. 992 (1990).

In its petition, SMC argues that the district court and Federal Circuit applied an unrestricted doctrine of equivalents to the case at bar. However, the district court and Federal Circuit closely adhered to the limitations on the doctrine of equivalents which have been established in the law. Specifically, the courts have always recognized two fundamental limitations on the application of the doctrine of equivalents. *Loctite Corp. v. Ultraseal Ltd.*, 781 F. 2d 861 (Fed. Cir. 1985). Thus, if equivalence appears, infringement may be found unless (1) amendments made by the applicant during prosecution of the patent application to distinguish over prior art have estopped the patentee from asserting a range of equivalents broad enough to encompass the accused product or process; or (2) the equivalent device is within the public domain, i.e., found in the prior art. *Id.* at 870.

Furthermore, it is well settled in the law that each element of the claim is material and essential, and in order for a court to find infringement, the plaintiff must show the presence of every element or its substantial equivalent in the accused device. To be a "substantial equivalent" the element substituted in the accused device for the element set forth in the claim must not be such as would substantially change the way in which the function of the claimed invention is performed. *Pennwalt*, 833 F.2d 931 (Fed. Cir. 1987).

In the present case, Festo did not make any amendments to the claims during the prosecution of the application which would prevent assertion of a range of equivalents broad enough to encompass the accused SMC device. Furthermore, the equivalent structure corresponding to the SMC device was not found in the prior art. Festo methodically proved at trial that

the SMC device encompassed nothing more than insubstantial changes in substituting equivalent elements with respect to the sleeve and the sealing/guide ring elements recited in the claims. Accordingly, SMC's misstatements in its petition regarding "mischief generated by an unrestricted doctrine of equivalents" is not applicable in this case and is not the existing law.

The policy espoused in *Graver Tank* has coexisted with the statutory policies of claim construction. The doctrine of equivalents must exist in its present form to prevent a fraud on the patent. Requiring a look at all the words while resisting their tyranny, and requiring, because the claims measure the invention, a look at all claim limitations, the doctrine of equivalents in a proper case tempers unsparing logic and prevents an infringer from stealing the benefits of an invention. In that sense, the doctrine recognizes a fact of the real business world: words are not misappropriated, claimed inventions are. *Laitram Corp. v. Cambridge Wire Cloth Co.*, 863 F. 2d 855 (Fed. Cir. 1988). Accordingly, SMC's petition to effectively eliminate the doctrine of equivalents from the patent laws is unrealistic and should be rejected by this Court.

II. Festo Proved Infringement Of The Stoll Patent Under The Doctrine Of Equivalents.

In *Graver Tank*, this Court ruled that infringement may be established where the accused device "performs substantially the same function in substantially the same way to obtain the same result." *Graver Tank*, 339 U.S. at 608 (quoting *Sanitary Refrigerator Co. v. Winters*, 280 U.S. 30, 42 (1929)). This Court reasoned that "to permit imitation of a patented invention which does not copy every literal detail would be to convert the

protection of the patent grant into a hollow and useless thing." *Id.* at 608. Accordingly, Petitioners suggestion to eliminate the doctrine of equivalents has been considered by this Court and determined not to be a viable option.

The well established case law makes it quite clear that each element of a patent claim or its substantial equivalent must be present. *Pennwalt*, 833 F.2d at 935. Festo presented substantial evidence and proved at trial that (1) SMC's single sealing ring and pair of guide rings is substantially equivalent to the claimed sealing rings and guide rings; and (2) the aluminum alloy sleeve of the SMC device is the substantial equivalent of the sleeve made of a magnetizable material of the Stoll patent claim. Accordingly, there is no missing element or its substantial equivalent under the law.

1. It Was Established At Trial That SMC's Plural Guide Rings And Single Sealing Ring Is Equivalent To The Claimed Plural Guide Rings And Sealing Rings.

Festo has never taken the position that a guide ring is equivalent to a sealing ring and a guide ring. Removing a sealing ring from one end of the piston, as SMC does, is an insubstantial change. The remaining piston sealing ring, which acts bi-directionally, together with the plural guide rings, perform substantially the same function in substantially the same way and achieve substantially the same result as the claimed structure.

The single sealing ring is adequate to maintain the seal for the pressure medium to reciprocate the piston within the tube. The guide rings continue to carry out their function of guiding the reciprocating piston. When the piston is moved in one direction, the combination of a sealing ring and a guide ring at one end of the piston will both wipe away impurities. When the piston is moved in the opposite direction, the guide ring will wipe away the impurities. The specification and claims clearly point out that both sealing rings and guide rings perform the function of wiping. Dr. Stoll explained that if a sealing ring and a pair of guide rings were used, on the side without a sealing ring, the guide ring performs the function of wiping the dirt and impurities away from the magnet arrangement. Accordingly, all of the same functions of wiping, guiding and sealing are carried out by the SMC structure in substantially the same way to achieve substantially the same result. Therefore, there is no consideration of equivalent functions at issue or a missing element. Nothing in the evidence is contrary to the Stoll patent specification.

2. Substantial Evidence At Trial Established That The SMC Sleeve Is Equivalent To The Claimed Sleeve.

SMC argues that its aluminum alloy sleeve cannot be an equivalent to a sleeve made of a magnetizable material as set forth in the Stoll claims. However, a similar argument was rejected by the Supreme Court in *Graver Tank*, where the Court determined equivalency between an alkaline earth metal and a non-alkaline earth metal. Similarly, Festo presented substantial

evidence of the equivalence of the SMC aluminum alloy sleeve with the claimed sleeve made of a magnetizable material. There is nothing in the Stoll patent specification which prevents the use of a non-magnetizable sleeve. The magnetizable sleeve described in the specification is just one embodiment. The specification does not preclude the use of an aluminum alloy or other material for the sleeve in order to minimize magnetic leakage fields. Therefore, the equivalency of the SMC sleeve to that set forth in the claim is not contrary to the specification.

Festo proved at trial that the SMC sleeve performs the function of reducing the leakage fields in substantially the same way to achieve substantially the same result as the claimed invention. The magnetics expert, Dr. Schroeder, tested the SMC device and found the presence of a magnetic circuit which produced a 300% reduction in magnetic leakage fields and resulted in avoidance of braking forces. The difference in the sleeve material proved to be clearly an insubstantial change. Accordingly, there was substantial evidence presented by Festo at trial to support the jury's conclusion of infringement of the Stoll patent. All of the elements or their equivalents are present, and perform the same functions in the same way to obtain the same results.

III. The Jury Trial

Rule 53(b) Fed. R. Civ. P. states that a master may be appointed when the issues are complicated. Judge Mazzone found the case to be sufficiently complicated to warrant the appointment of a special master. Judge Saris, who succeeded

Judge Mazzone, agreed that the issues were complicated:

> THE COURT: It [Rule 53(b)] says, "In actions to be tried to a jury, a reference shall be made only when the issues are complicated." They're complicated.

There is no question that the case is complicated. Several difficult patents are involved and there are many complicated engineering and physics issues. Therefore, an election by the court to employ a master is well founded. Accordingly, the district court did not abuse its discretion in the appointment of a master.

1. The Use Of The Master's Report By The District Court Is Proper.

Rule 53(e)(3) permits a master's report to be presented along with other evidence for consideration by the jury. This includes jury trials involving issues of patent validity and infringement. *Constant v. Advanced Micro-Devices, Inc.*, 848 F. 2d. 1560-1566 (Fed. Cir.), *cert. denied*, 488 U.S. 892 (1988). The Court has the power to appoint masters without the consent of the parties. *Peterson*, 253 U.S. at 312; *Constant*, 848 F.2d at 1566. Reference of issues to a master, even compulsory reference, does not violate the seventh amendment right to a trial by a jury to which a master's findings constitute admissible evidence for consideration by the jury under Rule 53(e)(3). *Crateo*, 536 F.2d at 868; *Peterson*, 253 U.S. at 309-12. The rule does not foreclose the option to have the jury consider the findings in documentary form as evidence.

2. Neither Party Lost Its Right To A Jury Trial.

Neither the Court nor the parties intended the hearing before the master to replace a jury trial:

> THE COURT: As far as I'm concerned, this is a trial *de novo* -- you both can put on.

Judge Saris placed no limitation on the evidence and the number of witnesses that each party could present at trial. The trial judge properly instructed the jury regarding the master's report and, consequently, the jury trial did not constitute a determination of whether the master's recommendations were right or wrong, as asserted by SMC.

3. SMC Relied Heavily OnThe Master's Recommendations.

SMC relied heavily on the recommendations of the master prior to, during and after the trial. In fact, SMC instructed the court that the master's recommendations should be determinative. The court disagreed and conducted a jury trial *de novo*.

Before the report was abridged for use at trial, SMC's attorney prematurely and surprisingly attempted to gain an unfair advantage by advising the jury of the master's recommendations in his opening statement after Festo's counsel had carefully avoided premature disclosure of the recommendations in the report in his opening statement. Furthermore, SMC's disclosure of the report was completely

contrary to its own recommendation to the court that the report only be brought to the attention of the jury at the close of testimony so that the trial would be untainted. SMC's attorney again emphasized the importance of the recommendations of the master in his closing statement, urging the jury to give the report "maximum weight". Merely because the jury was not persuaded by the master's recommendations should not now provide the basis for SMC to be granted a new trial.

SMC relies on *Dairy Queen*. However, this case provides no support for SMC in this respect. It does not preclude the use of a special master. The case involved a mandamus action to vacate an order striking a demand for a jury trial. This Court recognized the right of the courts to appoint masters, but found that one was not necessary in that case because the only requirement was to determine a measure of damages in an uncomplicated manner.

4. The Master's Report Was Properly Presented To The Jury.

SMC further asserts that the master's report was improperly presented to the jury on the grounds that Rule 53(e)(3) permits the report only to be "read to the jury." SMC cites no authority for this bold interpretation of the rule. Contrary to SMC's assertion, *Crateo* does not restrict the manner in which a master's report can be submitted to a jury.

There is no restriction regarding the manner in which a master's report is to be presented to the jury. In the present case, the master's report was exhaustively reviewed and abridged by agreement of the parties under the direction of the

court. Since Rule 53(e)(3) states that the report is admissible evidence, the court permitted the jury to read the abridged report rather than exercising the option of reading the report to the jury. The court acted within its discretion, particularly in view of the length and complexity of the report. Considerable courtroom time was saved.

Also, there was no prejudice to either party by the district court inadvertently leaving a copy of the master's report in the jury room during deliberations, particularly when the jury found contrary to the master.

This case is in accord with *Dairy Queen* and the Seventh Amendment in that SMC's right to a jury trial was preserved.

CONCLUSION

For the reasons set forth above, SMC's petition should be denied.

Respectfully submitted,

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Charles R. Hoffmann
(*Counsel of Record*)
Gerald T. Bodner
Glenn T. Henneberger
HOFFMANN & BARON
350 Jericho Turnpike
Jericho, New York 11753
(516) 822-3550
Attorneys for Respondent
Festo Corporation